

#13

Daily Variety

November 5, 2001

CABLE RATES ON RISE

BYLINE: JILL GOLDSMITH

HIGHLIGHT:

AT&T Broadband to raise prices 5.5% Jan. 1

NEW YORK --- AT&T Broadband, the nation's largest cable operator, said Friday it plans to raise prices an average of 5.5% on Jan. 1, citing higher programming costs as well as general expenses of "providing service and operating the business."

Move comes as parent AT&T considers merging the cabler with Comcast or a handful of other potential suitors. Some regulators and public interest groups have opposed consolidation in the industry precisely due to fears that ever larger behemoths will have more and more power to raise rates, as well as to act as gatekeepers for content. One group, Consumers' Union, noted that cable service rates have risen 35% in the past five years.

AT&T, like all operators who boost prices, noted that programming costs have risen significantly --- and will be up by about 15% in 2002. Sports programming costs will rise 20%. And "everyday costs such as putting gas in field trucks and paying competitive wages to customer care personnel and technicians have increased."

Company said the price increase affects standard and some basic and digital customers.

#14

The Hollywood Reporter

November 05, 2001

AT&T Broadband plans rate increase for Jan. 1

BYLINE: Georg Szalai

AT&T Broadband, the biggest U.S. cable operator, has said it will hike its cable rates by an average of 5.5% next year to counter rising costs. The price increase will take effect Jan. 1 for standard cable packages, as well as some basic-only and digital service customers.

The company said Friday that the expected programming cost increases will be about 15% to \$1.8 billion next year, driven by sports content expenses and higher personnel costs.

A spokesman said the size of the rate hike will vary depending on local markets and type of service, but most of AT&T's 14 million cable users will be affected. He said most subscribers will see cable bills rise by an amount close to the 5.5% average, meaning local discrepancies will be relatively minor. The spokesman could only break out planned price hikes for the Los Angeles market (5.7%), San Francisco (4.8%) and basic service (4.7%).

Analysts said the new price structure is in line with annual rate hikes in recent years by AT&T and its peers. Guzman & Co. analyst David Joyce called the increase "fair," given high costs for sports content and ongoing digital upgrades of cable systems.

#15

The Pueblo Chieftain

November 5, 2001, Monday

AT&T Plans Cable Rate Hike in Pueblo, Colo.

AT&T Broadband, the cable company serving Pueblo, announced Friday that it would increase prices on average by 5.5 percent beginning on Jan. 1.

The Englewood-based subsidiary of AT&T Corp. said the increase reflects its higher day-to-day costs to provide service as well as higher programming charges.

The company said fees to programmers for the right to carry content is expected to rise about 15 percent next year. Sports programming accounts for the largest portion of that increase, a hike of 20 percent.

Price increases will vary from market to market, AT&T Broadband said in a release, and affects standard cable customers and some basic-only and digital value package customers.

It said it has begun notifying customers with notices in cable bills and legal notices in local newspapers.

#16

Atlanta Journal and Constitution

November 3, 2001, Saturday

AT&T Broadband to Raise Cable TV Fees for Metro Atlantans

BYLINE: By Kathy Brister

Most metro Atlantans will pay about 7 percent more for cable TV when AT&T Broadband increases monthly fees in late December.

AT&T Broadband -- which serves more than 600,000 metro area homes -- primarily blames higher programming costs for the fee increase. Reg Griffin, a local spokesman for the cable company, said Friday that AT&T Broadband will spend 15 percent more next year on the sports, news and entertainment channels it delivers.

About 80 percent of AT&T Broadband's metro Atlanta customers will see higher bills starting Dec. 26. While monthly packages differ, the standard rate for customers who live in areas where digital cable service is available will be \$ 39.91, up from \$ 37.27. In areas where the service hasn't been upgraded, residents will pay \$ 37.55, up from \$ 35.06. The company last increased rates in January.

Charter Communications, which serves pockets of metro Atlanta, plans to raise rates between 7 percent and 10 percent for most customers. In January, it raised some local cable rates by as much as 9 percent.

Cox Communications, with headquarters in Atlanta but no metro cable systems, plans to increase subscription fees about 5 percent. Cox is majority held by the owner of The Atlanta Journal-Constitution.

AT&T, Charter and Cox say they will use much of the revenue from increased fees to pay for sports programming. But cable companies also are trying to get some return on the more than \$ 50 billion they've spent since the mid-1990s to upgrade networks from analog to digital.

An ESPN spokeswoman said costs to produce sports programming increase as broadcasters and cable channels bid for rights to air high-profile games. She said sports events are cable's top draw.

The cable industry has bumped up subscription costs about 5 percent a year since cable fees were deregulated in 1999. From 1990 to 1999, basic cable rates rose more than 70 percent, according to research firm Paul Kagan Associates.

AT&T Broadband customer DuPree Jordan, who has cable connected to four TVs in his Roswell home, said the increase on top of "terrible" customer service might push his family toward satellite TV. "We'll certainly be looking for alternatives," he said.

#17

The Columbian (Vancouver, WA.)

November 3, 2001, Saturday

CABLE TV RATES TO INCREASE 9 PERCENT

BYLINE: MIKE ROGOWAY, Columbian staff writer

Cable television rates will go up \$ 3 a month next year for most Clark County cable subscribers.

The 9 percent increase is the largest in several years.

Rates will remain unchanged for customers who subscribe only to basic cable, however, and cable customers can get a discount if they also subscribe to AT&T Broadband's high-speed Internet service or digital local phone service.

Roughly 75,000 Clark County households are AT&T cable subscribers, according to the City-County Cable Television Commission. Most subscribers receive "Standard Cable," a 66-channel package that includes all the Portland-area broadcast channels, plus national cable networks such as ESPN, CNN, A&E, TBS and MTV.

Standard cable subscribers now pay \$ 32.99 a month, plus taxes; beginning Jan. 1, they will pay \$ 35.99 a month.

The higher rates reflect the rising programming costs that AT&T pays to cable networks, according to Lindy Bartell, spokeswoman for the cable company in Portland. Programming fees will rise more than 15 percent next year, she said.

The number of cable subscribers in Clark County has been flat in recent months, even though the county's population has continued to grow. Bartell said AT&T believes cable is still a good entertainment value.

"We know that raising prices isn't popular, and we want to keep them down as much as possible," she said.

About 2,400 Clark County households subscribe to Basic Cable, a 26-channel package that includes only local broadcasters, home-shopping channels and a handful of national cable networks. Monthly Basic Cable rates will stay \$ 11.85 next year.

Rates for some premium movie channel packages will go up next year, but rates for some top-tier packages will not. Additionally, customers who subscribe to multiple AT&T Broadband services -- cable TV, high-speed cable Internet, or digital local phone service -- will be eligible for a \$ 5 discount for each service they use.

Standard Cable and premium cable rates are unregulated, so AT&T can charge what it wants. Basic Cable rates are subject to approval by the local cable commission, but AT&T hasn't tried to raise the price of Basic Cable in three years.

Customers won't like the higher cable rates, but the news isn't unexpected, according to Jim Demmon, cable TV manager for the local cable television commission.

"All other bills seem to be going up. I don't think anybody's going to be thrilled by it," Demmon said.

#### CABLE RATE HISTORY IN CLARK COUNTY

Year	Basic Cable	Percent increase	Standard Cable	Percent increase
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1998	\$ 11.30	0%	\$ 29.09	4.9%
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1999	\$ 11.30	0%	\$ 30.99	6.5%
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2000	\$ 11.85	5%	\$ 32.50	4.9%
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2001	\$ 11.85	0%	\$ 32.99	1.5%
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2002	\$ 11.85	0%	\$ 35.99	9.1%
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#18

The Miami Herald

November 3, 2001 Saturday FINAL EDITION

AT&T TO RAISE CABLE RATES

BYLINE: From Herald Staff, wire reports and Bloomberg News

AT&T (T), owner of the largest U.S. cable-television business, will raise cable prices an average of 5.5 percent in 2002 to counter higher costs.

The price increases, effective Jan. 1, will affect subscribers to AT&T Broadband's standard, basic and digital packages. Most of the company's 14 million subscribers will have higher rates, spokeswoman Sarah Eder said.

Englewood, Colo.-based AT&T Broadband said the rate increase reflects higher expenses in providing cable service, including a 15 percent rise in programming fees to \$1.87 billion next year.

#19

Saint Paul Pioneer Press

November 3, 2001 Saturday CITY EDITION

CABLE RATES GOING UP AT&T SAYS COSTS ARE BEHIND 5.5% INCREASE

BYLINE: MARTIN J. MOYLAN, Pioneer Press

The folks who supply AT&T Broadband with "The Sopranos," ESPN, "I Love Lucy" reruns and other programming want more money. And its own costs of doing business are on the rise, says AT&T.

So get ready to pay a few more dollars a month if you're one of AT&T's 335,000 cable TV subscribers in St. Paul and 87 area suburbs.

AT&T said Friday that it will increase its cable TV rates by an average of 5.5 percent nationally starting in January. That would push the average customer's monthly bill up from \$35.63 to \$37.55.

Twin Cities rates have not been finalized but they should be in line with the national average, the company says.

"Our programming costs are going up \$240 million in 2002, with 20 percent of that for sports," said AT&T Broadband spokesman Andrew Johnson. "That's a 15 percent increase. But we're not passing through the full impact."

AT&T, he said, is "leaving a lot of money on the table," in large part because of the competition it faces from the two leading satellite TV providers, DirecTV and EchoStar, as well as competing cable TV providers operating in some markets around the country.

EchoStar and DirecTV, which hope to merge, have signed up more than 16 million households for their satellite TV services, including an estimated 363,000 in Minnesota.

EchoStar, for instance, now offers a package that includes 100 video and audio channels for \$9 a month. Subscribers must buy a satellite dish that serves one TV for \$199, bringing the first-year cost, excluding taxes, to \$307.

But AT&T argues that it compares quite favorably with the satellite providers when consumers consider equipment costs and fees satellite firms charge to serve additional TV sets and provide local TV signals.

At this point, the satellite TV companies typically offer subscribers four local channels for about \$5 a month. But they don't offer local channels in all markets.

"We stack up pretty well," said Jim Commers, vice president of AT&T Broadband's Minnesota operations. "We offer more levels of service. Not everyone wants 100 channels. And when you add in multiple TV sets and local channels, we think we're much cheaper."



Coralie Wilson, executive director of the North Suburban Communications Commission, argues pay-TV competition is not nearly as intense as it should be, though.

She bemoans the scrapped plans of Everest Connections, Wide Open West and Seren Innovations to build competing cable systems in the northwest suburbs. And satellite is not an option for too many people, she contends.

AT&T Broadband's customer service has been declining and there's virtually nothing local cable commissions can do to control prices, she said.

As long as cable providers can justify their costs, commissions must approve price increases for local broadcast, public access, education and government channels, Wilson said. And since 1998, cable commissions have had no price oversight for other programming, she adds.

"There is not a lot anyone can do about rates," she said.

Commerz said AT&T has not seen any increase in customer complaints and most subscribers are "more than satisfied."

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#20

The Seattle Times

November 3, 2001, Saturday Fourth Edition

AT&T to raise cable-TV fees 5.5 percent

BYLINE: Bloomberg News

AT&T, owner of the largest U.S. cable-television business, said it will raise cable prices an average of 5.5 percent in 2002 to counter higher costs.

The price increase, set for Jan. 1, will affect most of AT&T Broadband's 14 million subscribers to standard-, basic- and digital-cable packages.

Monthly bills for the average customer will increase \$1.93 to \$37.55, spokeswoman Sarah Eder said.

AT&T Broadband said the rate increase reflects higher expenses, including a 15 percent rise in programming fees to \$1.87 billion next year. It also cited higher wages and fuel costs.

Gene Kimmelman, co-director of Consumers Union's Washington, D.C., office, saw it differently.

"This reflects ongoing price gouging by cable monopolies," he said. "It's particularly astounding that they're raising prices at a time when the economy is stalled."

Cable rates are up 35 percent since Congress revamped telecommunications laws in 1996 to spur competition, he said.

Cable companies on average raise rates "in the middle single digits on an annual basis," said Richard Klugman, a telecommunications analyst at Jefferies who has a "hold" rating on AT&T shares. Comcast, the No. 3 U.S. cable operator, raised rates for basic service by about 5 percent this year.

AT&T Broadband said it will inform customers of the increase with notices in their cable bills and legal notices in newspapers.

#21

The Bradenton Herald

November 2, 2001, Friday

Time Warner to Increase Cable Rates

BYLINE: By Steve Hollister

The cost of Time Warner's cable programming and services is once again on the rise.

The company announced Thursday that the price of basic service will rise 8.1 percent from \$ 12.40 to \$ 13.40 per month, and that by adding its second-tier preferred package, the monthly cost will jump 5.1 percent from \$ 39.25 to \$ 41.25.

Premium movie rates will increase from \$ 5.95 for either HBO, Cinemax, Showtime or The Movie Channel to \$ 7.95. Digital Starz! will remain \$ 7.95.

The cost to have cable installed, or additional outlets added, will go up by as much as 21 percent. The cost to install additional outlets at the time of cable installation, for example, will go from \$ 18.95 to \$ 22.95.

Linda Chambers, the company's vice president of business affairs for the Tampa Bay region, defended the price hikes, saying Time Warner is absorbing much of the increases in programming costs and technology upgrades and only passing a fraction on to the customer.

"It's what it takes to provide the products and services our customers demand," Chambers said. "We do everything we can to keep rates at a reasonable level. Our costs are going up far more than our rates are going up."

The company has hiked rates by at least 4 percent each year since purchasing the local cable system from Paragon Cable in 1996.

The Federal Communications Commission stopped regulating rates for the industry after passage of a federal telecommunications bill in 1996, and local officials can not legally challenge basic and second-tier rates.

Rate hikes over the past two years were tied by Time Warner officials to an upgrade of the local cable system with fiber optic lines. That process was completed earlier this year and allows Road Runner high-speed Internet access and enhanced digital service over the cable system.

The new increases, set to show up on January bills, were attributed to the costs of adding new channels Women's Entertainment, ESPN Classic Sports and Oxygen to the standard service. Training costs for employees and improved cable quality also were cited as reasons for the hikes.

Time Warner Cable of Tampa Bay serves over 900,000 customers in Manatee, Hillsborough, Pinellas, Polk, Citrus, Hernando, Pasco, Levy and Hardee counties and offers more than 225 channels.

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#22

Sarasota Herald-Tribune

November 2, 2001 Friday Manatee Edition

Cable rates going up 5 percent in 2002:

Time Warner's Manatee rates are already slightly higher than Comcast's in:  
Sarasota and Charlotte.

BYLINE: JASON HALL, jason.hall@heraldtribune.com

Time Warner Cable is raising its rates 5 percent next year, saying it needs the money to pay for higher programming costs and equipment upgrades.

Most Manatee County cable subscribers will see their bills go from \$39.25 per month to \$41.25 starting in January.

"We are making investments in the future by keeping pace with rapidly changing technology allowing us to deliver cutting-edge service," said spokeswoman Linda Chambers.

"As a result of these continued investments and rising costs, it is necessary for us to make this adjustment in our rates."

The price for the company's limited basic service will go from \$12.40 to \$13.40.

Prices for digital cable, a souped up and more expensive type of cable signal, will not change, nor will the company's Road Runner cable Internet service.

Chambers said the company's cost of business increases yearly, and this year's rate increase won't even cover the company's programming price hikes for 2002. Time Warner's programming costs will go up 17 percent next year, she said.

The hike comes as the economy may be lapsing into a recession and consumer confidence is down.

Chambers thinks customers will understand the need for an increase.

Though federal law doesn't prohibit competitive companies from offering cable service, very few areas -- none in Southwest Florida -- have competing cable companies because a new company would have to spend millions of dollars to lay its own cable line.

Time Warner's rates are slightly higher than Comcast's, which provides service in Sarasota and Charlotte counties.

For its comparable most popular package, Comcast charges \$38.75. Comcast usually raises its rates every April.

#23

The Oregonian

November 3, 2001 Saturday SUNRISE EDITION

AT&T'S CABLE RATES GOING UP

SOURCE: JEFFREY KOSSEFF - The Oregonian

Summary: The company says it will boost monthly bills by an average of \$2 starting Jan. 1 in response to higher programming costs

AT&T Broadband announced Friday that it would increase monthly cable bills in Oregon and Southwest Washington by an average of \$2, or 5.6 percent, beginning Jan. 1.

The Denver-based company cited rapidly rising programming costs as it hiked rates nationwide. AT&T, with about 542,000 customers in Oregon and Southwest Washington, said it would pay an average of 15 percent more in 2002 to programmers such as CNN and ESPN.

"We are trying to keep costs as low as possible for our customers," said Lindy Bartell, a local spokeswoman for AT&T, the largest cable television provider in Oregon and the nation.

Sports programming costs, the company said, will see the largest increase in 2002: nearly 21 percent.

"It's been an ongoing trend," Bartell said.

AT&T also must keep prices low as it continues to face aggressive competition from digital satellite providers, said Royal Harshman, a member of the Mt. Hood Cable Regulatory Commission, which oversees many of the company's Portland-area franchises with local governments.

Local governments can regulate prices on the 22-channel basic-cable package, which isn't seeing a price increase in 2002. But they can't control the prices of more popular services, like expanded basic cable.

To keep prices low, the commission has tried to lure other cable companies to build cable networks in the area and compete against AT&T, but most potential competitors ran out of money as the capital markets dried up in the past year, Harshman said.

Some were skeptical of cable companies' rationale for raising monthly bills. The companies often use programming costs as a justification for rate increases, said David Olson, director of Portland's Office of Cable Communications and Franchise Management. But cable providers often own stakes in companies that provide programming.

"It would seem that they would be in a position to control some of those costs by talking to themselves," Olson said.

About 38 percent of AT&T's subscribers won't receive a rate increase. In

addition to basic-cable subscribers, Platinum and Gold Digital Cable subscribers and some customers in the Tualatin Valley will not see increases in January.

Cable rate increases are common at the beginning of the calendar year. This past January, AT&T raised rates by 3.66 percent.

#24

The San Francisco Chronicle

NOVEMBER 3, 2001, SATURDAY, FINAL EDITION

AT&T hikes cable rates; Increase is about \$1.50 a month

BYLINE: Todd Wallack

BODY:

Despite the sputtering economy, AT&T said it plans to raise cable television prices 4.75 percent for its 2 million customers in the Bay Area next year.

AT&T, the region's dominant cable TV player, blamed rising programming costs and energy prices for the increase. Nationwide, the telecommunications giant plans to hike prices by 5.5 percent.

"The increase reflects the rising cost of doing business," the company said in a statement. Locally, AT&T pointed out that the price increase is still below the 5.1 percent inflation rate recorded in the San Francisco metro area by the Bureau of Labor Statistics.

But consumer advocates said the decision shows that AT&T faces scant competition. Only a handful of towns have multiple cable television providers, though millions of American homes have signed up for television programming via satellite.

"This reflects ongoing price gouging by cable monopolies," said Gene Kimmelman, co-director of Consumers Union's Washington office, in an interview with Bloomberg News. "It's particularly astounding that they're raising prices at a time when the economy is stalled."

AT&T said the average customer's bill will increase about \$1.50 per month, or \$18 per year. The price increase will show up on most customers' bills in January, except in Oakland, where the change will go into effect a month later.

AT&T typically raises prices each year around the same time. Earlier this year, AT&T raised rates by 4.9 percent. E-mail Todd Wallack at [twallack@sfchronicle.com](mailto:twallack@sfchronicle.com).

#25

The Record

November 2, 2001, Friday

Stockton, Calif.-Area Cable Rates to Increase 5.5 Percent, AT&T Broadband Says

BYLINE: By Bruce Spence

Cable television rates will be going up about 5.5 percent at the beginning of the year, AT&T Broadband says.

The increases, which will go into effect for most of the company's 14 million customers nationwide, are attributed mostly to inflation, and increased costs for programming and power, AT&T Broadband spokesman Brian Dietz said.

The biggest change will come with a repackaging of the so-called standard cable package. Currently, that consists of basic cable service of more than 50 channels, including local network and public-broadcasting stations; plus specialty channels, such as ESPN, Nickelodeon, Fox stations, MTV, C-SPAN and so on; and several Turner Broadcasting channels.

That package currently costs \$ 31.34 a month.

Come January, the standard cable package will increase by \$ 3.65 a month, to \$ 34.99.

*11.6 % increase*

But the package will grow by eight channels, adding American Movie Classics, Comedy Central, VH1, Great American Country (music videos), the Weather Channel, Fox Movie Channel, the Sci-Fi Channel and the History Channel.

Those channels currently are packaged as the "Next Pack," which costs those who subscribe \$ 4.67 a month in addition to basic cable fees.

Asked whether the company was worried about a backlash from basic-cable customers who didn't want to pay more for additional channels, Dietz said simply: "No."

About 22 percent of cable-TV subscribers already subscribe to the Next Pack, he said.

"All of these channels are the ones most have requested," he said. "And the customers who already subscribe will be seeing a price reduction."

Other programming fees, such as for premium movie channels, are going up, too.

For example, HBO movies will increase a buck, to \$ 13.49 a month. The Starz! and Encore combination movie package will go up from \$ 11.49 to \$ 12.49.

Dietz said programming costs have climbed significantly in the past year, rising 15 percent overall. Sports programming costs have jumped about 20 percent within the year, he said.



Cable TV rates last went up in March for the estimated 100,000 customers in San Joaquin, Calaveras and Amador counties.

The cost of two of the company's subscription options went up in February. Increases ranged from a 4.4 percent boost for standard basic cable to a 5.5 percent raise for standard basic cable with a single HBO premium channel.

The company then cited increased programming costs as the main reason for the fee increases.

Meanwhile, the company expects to roll out its new digital programming in about two weeks.

AT&T Broadband has 80 channels available on its analog system, but with the rollout, the number of available channels will increase to nearly 200 television and music channels via the fiber-optic network laid down in the past couple of years.

Packages that will include digital programming will range from \$ 42.99 to 79.99 a month.

#26

The Orange County Register

October 24, 2001, Wednesday

O.C. cable TV rates heading up again // Media The cost of expanded basic service is already higher than the national average.

BYLINE: By KATE BERRY , The Orange County Register

Cable TV rates in Orange County, already well above the national average, are slated to rise more than 5 percent in the coming year -- nearly twice the rate of inflation.

Cox Communications plans to raise rates by \$2 on Nov. 1 to \$38.99 a month for its most popular service, expanded basic, which delivers 75 channels. Time Warner Cable will raise rates within the next two months by 5.1 percent.

For most cable customers, the increases come as no surprise.

Everybody always says cable rates continue to go up -- that's absolutely true," said Kip Simonson, vice president of sales and marketing for Cox in Orange County, which has 85,000 cable customers. Cable rates have gone up every year I've been in the business. But we consistently give consumers more product."

Cable companies say the higher monthly fees reflect the cost of upgrading digital systems, adding channels and paying higher program fees, particularly for highly promoted series such as HBO's "The Sopranos," "Sex and the City" and "Band of Brothers."

The biggest reason we are adjusting our rates is that the license fees we pay to the programmers continue to go up," Simonson said.

But in Orange County, cable rates are already 8 percent to 34 percent higher than the national average.

Most cable operators attribute the higher rates to the cost of doing business in California, where prices for other staples, from gasoline to milk, are more expensive as well, Simonson said.

Consumers nationwide paid an average of \$34.11 a month last year for expanded basic cable, the most common package with up to 70 channels, according to a Federal Communications Commission study. That compares with current prices in Orange County that range from \$36.75 a month paid by Adelphia customers in north county to \$45.78 a month paid by Time Warner Cable customers in west county.

Basic cable, installation costs and service fees are the only rates regulated by the FCC. Basic cable is the most bare-bones service, giving consumers access to local broadcast stations.

Though many consumers consider some cable-only channels, like CNN, a must, any cable tier above basic remains unregulated -- so prices can rise to whatever

customers will pay.

Most companies lower their prices during a recession, and they generally don't rise higher than inflation," said Marc Cooper, executive director of the Consumer Association of America.

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#27

St. Louis Post-Dispatch

September 26, 2001 Wednesday Five Star Lift Edition

CHARTER PLANS TO RAISE CABLE RATES BY END OF YEAR:

COMPANY UPGRADES NEW SERVICES, HIRES DAN AYKROYD FOR ADS

BYLINE: Jerri Stroud Of The Post-Dispatch

Actor and comedian Dan Aykroyd might have a lot of explaining to do.

Charter Communications Inc., which lost its chief executive Monday, is raising rates in December by nearly 14 percent to 26 percent in the St. Louis region, with selected areas getting the heftier increases along with added channels and services.

Aykroyd, the company's new advertising spokesman, will be touting some of the new services along with some still on the drawing board, such as video-phone service using the television set. The new commercials are on the air in some Charter markets, and they will begin airing in St. Louis over the next two weeks.

Charter began notifying St. Louis and St. Louis County officials of the rate increases last week, but officials in some areas were notified as early as August. The company had planned to increase rates Nov. 1, but it postponed the effective date to Dec. 1 after the terrorist attacks on New York and Washington.

Rates for expanded basic service in St. Louis and most of St. Louis County will go up by \$3.95 a month, an increase of more than 13 percent. Expanded-basic rates in St. Louis will rise to \$33.85, for example. In west and south St. Louis County, expanded basic rates will go to \$32.18.

But selected areas will see increases of as much as \$7.95 a month. Rates for customers in Carlyle, Ill., will rise to \$39.11 from \$31.16 a month when all upgrades to the network are completed. Charter is adding more than 20 channels in Carlyle.

Charter's basic-cable customers will see their rates go up about 45 cents.

The rate increase is the second in 14 months for most St. Louis-area customers and the first since Charter took over AT&T's cable systems in July.

Charter said the increases are needed to cover the cost of added channels, new employees and nearly \$400 million in upgrades to its network. Programming costs also are up about 30 percent this year.

Customers will get four to 25 more channels, with the size of the rate increase reflecting the number of channels and upgrades in areas.

The channel lineup varies. St. Louis customers will get channels such as ESPN2, Cartoon Network, Oxygen and Soap. In south and west St. Louis County, the

new channels are fX, Hallmark Channel, National Geographic and Inspiration Network.

"We've invested a lot" to provide new services such as high-speed Internet access and video-on-demand, said Bill Shreffler, senior vice president for Charter's central region. "We've put \$300 million into the market so far, with another \$100 million to go," he said.

Aykroyd's role will be promoting new and future services, which aren't included in the cable-rate increase. Charter analysts previewed the commercials at a meeting Sept. 11, but news from the meeting was overshadowed by the attacks that day.

Aykroyd, who has been a Charter shareholder since the company went public two years ago, said he is excited about helping to showcase its new digital products, including cable-modem service and digital cable.

"I'm thrilled to participate in what will become the standard in how we wire ourselves to the world or how we might sometimes choose to escape from it," Aykroyd said in a statement. "No one has assembled as superb a technical team for this purpose as has Paul Allen with his wired-world vision."

Allen, a co-founder of Microsoft Corp., is Charter's largest shareholder.

The ads depict Aykroyd in a variety of roles, from a baby sitter to a collector of Pez candy dispensers who relies on the Internet to add to his collection

"We believe that teaming up with Dan Aykroyd will help customers identify with Charter and deliver a new level of brand recognition to the company," said Mary Pat Blake, senior vice president of marketing and Charter Media. "We know from our customers that new technology only matters if it plays a meaningful role in their lives.

"With Dan's help, we're showing how our products are used in some unexpected - but fun and understandable - ways. He'll differentiate our company from the competition with products that are easy and fun to use."

Meanwhile, Charter stock lost 59 cents Tuesday. The stock had lost about 20 percent of its value Monday after Jerald Kent resigned as chief executive, and it fell \$2 a share in early trading Tuesday before recovering to \$12.22.

NOTES:

Reporter Jerri Stroud;; E-mail: [jerristroud@post-dispatch.com](mailto:jerristroud@post-dispatch.com); Phone: 314-340-8384

GRAPHIC: PHOTO; (1,2) Photo not Available tms; (1) Color PHOTO by CHARTER COMMUNICATIONS - Dan Aykroyd has agreed to appear in Charter's commercials in a variety of roles, including as a baby sitter, to promote the company's new services, such as video-phone service over the television.; (2) Photo by CHARTER COMMUNICATIONS - In a television commercial, Dan Aykroyd demonstrates how he can

use the time saved by subscribing to Charter Communications Inc.'s high-speed Internet access: practicing his golf swing indoors and breaking a lamp in the process.

#28

The Philadelphia Inquirer

SEPTEMBER 9, 2001 Sunday CITY-D EDITION

Satellite TV puts cable on notice;

Dishes shrink, subscriber rolls swell as onetime gimmick gets serious.

BYLINE: Akweli Parker INQUIRER STAFF WRITER

BODY:

Long after maverick homeowners began erecting homemade satellite dishes in the 1970s to intercept signals intended for legitimate cable-TV systems, satellite television was considered more a novelty for tinkerers than a serious threat to the cable industry.

What a difference a few decades make. With cable rate increases outstripping inflation, and cable's satisfaction ratings among the lowest of any industry, satellite-TV providers are seeing their subscriber rolls swell.

Of the 85 million U.S. households that subscribe to some type of pay-TV service, cable still owns more than 80 percent of the market, with about 69.5 million subscribers.

But the gap is narrowing. Satellite added 3 million subscribers from June 1999 to June 2000, growing from 10 million to 13 million subscribers, according to the Federal Communications Commission.

That's about three times the number of subscribers added by cable during the same time, the FCC said in a report on industry competition.

And according to analysts and the satellite industry, another 3 million customers signed up between July 2000 and July 2001, giving the direct-broadcast satellite industry more than 16 million subscribers.

"The product really sells itself," said Randee Frankel, who, with partner Michael McCracken, watched satellite-dish activations at their firm Comtek Communications Inc. explode earlier this year. In three months, activations grew from 20 per month to 100 per month.

Philadelphia-based Comtek is a regional distributor for DirecTV, one of the nation's two big providers of satellite programming. (The other is EchoStar Communications Corp.'s Dish Network.)

Jimmy Schaeffler, subscription-TV analyst for the Carmel Group, a research firm, called the growth of the direct-broadcast satellite, or DBS, industry "amazing," considering that seven years ago it had no customers.

"Not too long ago, DBS stood for 'don't be stupid,'" Schaeffler said. "[Critics] didn't think it would work. They didn't think selling the hardware would work or that programming would be consistent enough to keep people happy."

For the cable industry, the space-based challengers have been good and bad.

On the one hand, the existence of the satellite services allows cable companies to argue that there is no need for the government to regulate rates because there is real competition in the pay-TV industry.

On the other hand, satellite has become a serious threat to cable's market share.

According to the Satellite Broadcasting and Communications Association, an industry trade group, 70 percent of new satellite subscribers live where cable is available.

That competition has put pressure on cable firms to upgrade their networks so they can provide more channels and features.

"It has absolutely changed the business, I think for the better," said Dave Watson, executive vice president of sales and marketing for the cable division of Philadelphia-based Comcast Corp., the nation's third-largest cable-TV company.

"It's forced the cable industry and Comcast to address the product," Watson said, by speeding up the rollout of digital cable service that can offer more than 100 channels and offer advanced features such as video on demand - features that were impossible over older analog networks.

Today, both sides are engaged in a marketing battle to win viewers.

One Dish Network full-page newspaper ad blared last week: "100 channels. Free installation. \$9 a month. Can your cable company do that?"

The \$9 monthly fee was part of a temporary, one-year promotion; that information, though, was mentioned in much smaller print.

"We do target cable companies," Frankel said. Comtek isn't above taking a cable bill, blowing it up to poster size next to a DirecTV bill, and displaying it at community events.

Frankel, a former schoolteacher, even translates the propaganda into Spanish to woo the area's burgeoning Latino population with DirecTV's nearly 50 Spanish channels.

Cable companies have launched a counter assault to preserve their advantage in the market. Regular cable viewers are no doubt familiar with the television ads that deride satellite's vulnerability to weather and that highlight the risk of purchasing soon-to-be-outdated equipment.

Subscribers to satellite services typically must buy a dish - typically about \$200 for a dish 18 to 20 inches in diameter, much smaller than the 7-foot dishes that came before - and a receiver box for their television. There is also an installation fee, about \$200, although it is often waived for special



promotions.

The most popular DBS programming packages start at about \$31 a month, offering more than 100 channels. A package of local channels costs an extra \$5 to \$6 and often includes only the local affiliates of major networks plus a national PBS feed.

From there, deciding which is the better choice becomes a matter of individual preference.

For instance, all satellite channels are transmitted digitally, while only some channels are truly digital with digital cable. Satellite providers say that means their channels are clearer; cable operators say there's no discernible difference.

DirecTV offers a broad array of sports programming, including a premium-priced service offering a wide selection of National Football League games.

But the dish services have an Achilles' heel locally, because Comcast does not provide its SportsNet programming to them. So local dish subscribers cannot see many of the 76ers, Flyers and Phillies games that are available over local cable systems.

"I'll be honest with you, there are a lot of jobs I haven't gotten because of that," Frankel said.

Another programming problem for the satellite services surfaced last week, when the FCC reaffirmed its "must carry" rule. The rule says that if a satellite service carries one local station in a market, it must carry all the local stations in that market.

The rule is "a seriously onerous burden" said James Ashurst, a spokesman for the Satellite Broadcasting and Communications Association, because DirecTV and EchoStar lack sufficient broadcasting spectrum to carry all the local stations in all the markets they would like to serve.

"We want to offer as many local channels as we can," Ashurst said, but being forced to carry the 20 or so local channels in large markets such as New York will prevent satellite firms from carrying local channels in small- to mid-size markets such as Harrisburg.

And that would put satellite at a competitive disadvantage against cable, which generally carries all local channels.

The industry will continue fighting the rule, Ashurst said.

The satellite-TV industry has other issues, too.

Perhaps the biggest is the proposed purchase of DirecTV by Rupert Murdoch's News Corp. or DirecTV's smaller rival, EchoStar.

News Corp.'s attempt has bogged down because of the deal's complexity. General Motors Corp., owner of DirecTV through GM's Hughes Electronics subsidiary, wants a substantial piece of the purchase in cash rather than stock because of the uncertain stock market, analysts say.

While EchoStar is a long shot to get DirecTV, analysts do not discount the possibility. EchoStar chairman Charlie Ergen "has a real ability to make converts" and squeeze money from otherwise tight-fisted financiers, even in today's arid capital environment, Schaeffler said.

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### Dishing It Up

Of the 102 million television households in the United States, more than 69 million subscribe to cable and more than 16 million subscribe to a direct-broadcast satellite service.

How the system works: The satellites hurtle in a geosynchronous orbit - staying above the same spot on the earth - 22,300 miles above the equator. For this reason, satellite dishes in the United States need an unobstructed view of the southern sky. Satellite programmers on the ground broadcast signals to a satellite on which they own or lease space. The satellite amplifies the signal for the trip back to earth. On the customer's rooftop, an 18-inch dish focuses the signal onto an antenna. The signal from the antenna is picked up by a receiver in the home that unscrambles it.

Pros: Picture quality, channel selection, competitive long-term cost.

Cons: Elaborate installation, higher up-front cost, picture vulnerable to foul weather, some local stations unavailable in some markets.

Cost: Equipment and installation run about \$400 through electronics stores and other retailers; DirecTV and Dish Network routinely cut the price in promotions. Popular programming packages cost about \$31 a month, with premium movie channels extra. Local channels are an additional \$5 to \$6 a month.

#29

**Time Warner raises cable rates again**

Digital cable subscribers to get 11 new channels

Saturday, December 1, 2001

By William LaRue

%sub%Company says increase will help pay for higher programming costs.%endSub%

For the second time in less than a year, Time Warner Cable is raising its rates for standard service at most of its Central New York cable systems.

The charge in suburban Syracuse for 71 unscrambled channels increases Jan. 1 to \$40.15 a month. That's an extra \$1.90 a month, an increase of 5 percent - which follows a 5.4 increase in August and a 5.4 percent increase a year ago.

The number of standard channels remains the same. However, customers who subscribe to a digital cable box will get 11 new channels Dec. 27 at no additional charge. These include National Geographic Channel, VH1 Classic and Do-It-Yourself Network.

Time Warner Cable is also raising its standard rates for customers in Oswego, Fulton, Central Square and Oneida. However, rates remain the same for the company's customers in the cities of Syracuse and Cortland, where Time Warner follows a long-standing policy of making annual increases in August.

The new rates will help to pay for higher programming costs and other expenses, according to Jeff Unaitis, spokesman for Time Warner Cable.

"Like any company, we experience increases in employee costs, increases in programming costs, (and) increases in the investment technology to our network here," Unaitis said.

He noted that Time Warner in August added several channels to standard service, including The Disney Channel. The cable company estimated that more than 35 percent of its 335,000 customers in the Syracuse division saw lower cable bills at that time because Time Warner eliminated charges for Disney and a tier of five other channels.

Time Warner on Jan. 1 is also reducing the charge for Starz! movie channel to \$7.95 a month, a decrease of as much as \$5 for some customers. The monthly charge for each additional outlet getting digital cable service is dropping to 95 cents a month, a decrease of \$1.

The price for 13-channel basic service in the Syracuse suburbs decreases by four cents to \$7.21 a month. About 4,500 of its 85,000 suburban customers subscribe to this lineup of mostly local broadcast channels.

One consumer group argues that standard rates at Time Warner have increased too much too fast. Mark Cooper, director of research for the Consumer Federation of America in Washington, D.C., said lack of meaningful competition allows Time Warner to raise rates throughout the country at more than triple the rate of inflation.

"Who raises rates during a recession? Only those with market power," Cooper said. "If they didn't have market power, they couldn't cram these things down our throats."

The main competition to cable TV are satellite dish services from DirecTV and The Dish Network, although neither carries Syracuse broadcast channels.

Unaitis said the 11 new channels on digital cable are heavy with networks that customers have requested.

They include five educational channels, Discovery Civilization, Discovery Home & Leisure, TechTV, Do-It-Yourself Network and National Geographic Network.

Other new networks on the digital service are children's networks Boomerang, Nick Gas and a West Coast feed of Nickelodeon; music networks VH1 Classic and Great American Country, and Christian channel Trinity Broadcasting Network.

"We can't have enough family-friendly programming. I think the two Nick additions, Boomerang and Trinity Broadcasting certainly reflect that demand," Unaitis said.

The addition of National Geographic Channel follows Time Warner's announcement last month that it reached an agreement to offer the channel to most of its 12.7 million subscribers in the United States. CableFAX, an industry trade publication, reported that Time Warner Cable is receiving "launch fees" from National Geographic of \$3 to \$5 per subscriber.

Time Warner this week is mailing letters to customers notifying them of the lineup and rate changes.

Here are Time Warner's monthly rates for standard service as of Jan. 1 in several communities:

In Fulton, rates rise 5 percent to \$38.95.

In Oswego, rates rise 5.3 percent to \$38.40.

In Central Square, rates rise 8.1 percent to \$36.70.

In Oneida and Rome, rates will range \$39.90 to \$41.20, with monthly charges varying among several communities. For most, the increase is about 5 percent, Unaitis said.

The Newhouse family, which owns The Post-Standard, also owns one-third of a partnership - Time Warner Entertainment-Advance/Newhouse - that owns the local Time Warner cable system.



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## Important Channel and Rate Information!

December 2001

Dear Comcast Customer:

Comcast of Alexandria is committed to providing the highest quality entertainment and service to our customers. This summer FX was added to the Basic Plus service on Ch 63. FX began offering NASCAR and Winston Cup Races in 2001.

There will be some additional programming changes effective February 1. A summary of these changes follows.

### Channel Additions:

- Outdoor Life-New Basic Plus Service Ch 68.
- Discovery Health-New Basic Plus Service Ch 67.
- CSPAN 3-New Comcast Digital Service Ch 105.
- ESPN Classic-New Comcast Digital Tier Service Ch 103.

### Channel Moves:

- Spice (Adult PPV) will move from Ch77 to Digital Ch 251.
- TEN (Adult PPV) will move from Ch 78 to Digital Ch 78.
- Encore will move from Ch 67 to Digital Ch 150.
- Sundance will move from Ch 68 to Digital Ch 165.

### Channel Changes:

- ESPNews (Ch 102), SoapNet (Ch 120), Nick Games and Sports (Ch 133) and VH1 Classic (Ch 143) will be carried on Comcast's Digital Classic service.

As a result of increased programming charges and other operational expenses, the rates for your cable service and other associated cable charges are changing effective February 1, 2002.

## PREMIUM & SPECIALTY SERVICES

Service	Current Monthly Charge	New Monthly Charge
HBO Current Customers	\$11.20	\$12.95
HBO New Customers	\$11.20	\$14.95
Starz! (Digital Service Only)	\$11.20	\$11.35
Cinemax	\$11.20	\$11.35
Showtime	\$11.20	\$11.35
The Movie Channel	\$11.20	\$11.35
ANA (Arab-Network)	\$11.20	\$11.35
Canales (digital service only)	\$10.95	\$10.95
Analog Service - per premium per A/O	\$4.95	\$4.95
Digital Service - duplicate premium package per A/O	\$4.95	\$4.95

## SERVICE FEES

Service	Current Monthly Charge	New Monthly Charge
Limited Basic	\$12.26	\$12.26
Expanded Basic (Tier One)(not sold separately)	\$23.78	\$25.91
Basic Plus (includes Limited Basic and Tier One)	\$36.04	\$38.17
Basic Plus on Additional Outlets	No charge	No charge
Pay Per View Movies *	\$3.99	\$3.99
Pay Per View Adult Programming*	\$9.99	\$9.99
Monthly Cable Guide	\$1.50	\$2.75

\*PPV billed per use

## ONLINE SERVICES

Service	Current Monthly Charge	New Monthly Charge
Comcast High Speed Internet (Basic Cable Customers)	\$39.95	\$39.95
Modem Rental	\$5.00	\$5.00
Comcast High Speed Internet ( No Basic Cable Service)	\$44.95	\$54.95

## DIGITAL SERVICES

Service	Current Monthly Charge	New Monthly Charges
Comcast Digital Classic	\$9.95	\$9.95
Optional Digital Channels (Cannot be sold separately)	\$5.00	\$5.00

## EQUIPMENT

Service	Current Monthly Charge	New Monthly Charge
Digital Converter	\$3.77	\$3.77
Analog Addressable Converter	\$3.77	\$3.77
Analog Non Addressable Converter	\$2.74	\$2.74
Analog Remote Control - one time purchase	\$7.40	\$7.40
Lost or Damaged Digital Remote - per occurrence	\$16.95	\$16.95
A/B Switch VCR - one time purchase	\$14.95	\$14.95
A/B Switch Antenna - one time purchase	\$49.95	\$49.95

## TRANSACTION CHARGES

Service	Current Per Occurrence	New Per Occurrence
Activation (Prewired home installation)	\$22.14	\$22.14
New Installation (Unwired home installation)	\$30.04	\$30.04
Install A/O (same trip)	\$12.65	\$12.65
Install A/O (separate trip)	\$14.23	\$14.23
Transfer Service to New Residence	\$22.14	\$22.14
Change of Services	\$10.00	\$10.00
Late Fees	\$3.00	\$3.00
Return Check Fee	\$25.00	\$25.00
Home Service Call (VCR hookups, TV tuning, etc)	\$18.97	\$18.97
Same Day Install / Service Call	\$50.00	\$50.00
Relocates	\$23.72	\$23.72
Unreturned Equipment (per set) - Analog	\$300.00	\$300.00
Unreturned Equipment (per set) - Digital	\$800.00	\$800.00

*Rates exclude franchise and FCC fees and taxes*

*Additional costs may be incurred for custom installs*

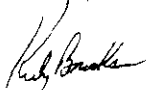
Alexandria

Current And New Rates and Service Charges

Effective February 1, 2002

Thank you for choosing Comcast for your cable services. We hope to provide you with many years of quality service. Please contact our customer service department at 703-823-3000 when we can be of service.

Sincerely,



Kirby Brooks

Vice President and General Manager

Comcast Communications